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PRODUCERS 88 (4-89) -- PAID UP  
WITH ~~640~~ ACRES POOLING PROVISION

3 POUND PRINTING & STATIONERY COMPANY  
4703-C RICHMOND, HOUSTON, TEXAS 77027 (713) 552-9797

## PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 17th day of June, 2009, between CTU JACKSBORO, LTD., a Texas Limited Partnership, as Lessor (whether one or more), whose address is 4336 Lemmon Avenue, Dallas, Texas 75219, and DALE PROPERTY SERVICES, LLC, a Texas Limited Liability Company, as Lessee, whose address is 2100 Ross Avenue, Suite 1870, Dallas, Texas 75201. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee. CUL PB

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises: (use Exhibit "A" for long description): CTU PB

for the purpose of drilling beneath (using slant hole or horizontal drilling methods) and producing oil and/or gas from and/or attributable to (but expressly prohibiting the purpose of exploring, drilling or operating on the surface of) 0.421 acres of land, more or less, out of the B. M. Hagerty Survey, A-655, Tarrant County, Texas, being a portion of Lot 16, Block 5, Rockwood Terrace Addition, First Filing, an addition to the City of River Oaks, Tarrant County, Texas, according to the plat thereof recorded in Volume 2447, Page 253, Deed Records, Tarrant County, Texas, and being the same land described on Exhibit "A" attached to that certain deed dated February 17, 2009, recorded as Instrument # D209043249 in the Official Public Records of Tarrant County, Texas, from Dalal & Pondugula Investments, LLC to Lessor, which land is hereinafter sometimes referred to as the "leased premises",

in the county of Tarrant, State of Texas, containing 0.421 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), ~~for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith.~~ The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less. CT PB

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be 1/4 of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be 1/4 of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of ~~one dollar~~ \$50.00 per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease. CTU PB

4. All shut-in royalty payments under this lease shall be paid or tendered directly to Lessor ~~or to Lessor's credit in~~

~~at~~  
~~or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.~~ CUL PB

5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed ~~80~~ 40 acres plus a maximum acreage tolerance

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products stripped or processed from gas produced from the leased premises or land pooled therewith and any residue gas.

- (d) Notwithstanding anything stated in Paragraph 3. hereof to the contrary, the royalties on oil and gas produced hereunder, whether sold on or off the leased premises, shall be the amount realized by Lessee in a non-affiliated third party transaction. Provided, however, that notwithstanding the foregoing sentence, the royalties provided in Paragraph 3. hereof shall be determined and delivered to Lessor free of any development, production, separation, storage, dehydration at the well site, exploration, treatment, compression, gathering, operating, marketing, or other like costs incurred, whether direct or indirect, except, however, taxes and transportation charges, if any, applicable to Lessor's share of production which are actually paid by Lessee, or deducted by the purchaser of production, and are not reimbursed or refunded to Lessee, and said royalties shall never be based upon a price less than the actually price received by Lessee for the products produced hereunder.
- (e) Notwithstanding anything stated in Paragraph 6. hereof to the contrary, in the event a pooled unit is created under the terms and provisions of Paragraph 6. hereof, then all of the leased premises shall be included in such unit.
- (f) This lease covers only "oil and gas", which term, as used herein, means "only oil, gas and other hydrocarbons" and does not cover or include any other minerals (including, without limitation, sulphur, coal and lignite). All of said other minerals are excluded from this lease and are reserved to Lessor. All references in this lease to "oil, gas and all other minerals", if any, or "oil, gas or other mineral", if any, shall mean oil and gas only.
- (g) It is agreed that neither this lease nor any terms or provisions hereof shall be altered, amended, extended or ratified by any division order or transfer order executed by Lessor, its successors, agents or assigns, but that any division orders or transfer orders shall be solely for the purpose of confirming the extent of Lessor's interest in production of oil and gas from the leased premises, or from land properly pooled therewith. Any amendment, alteration, or ratification of this lease or of any term or provision of this lease shall be made by an instrument in writing clearly denominated as to its purpose and effect, describing the specific terms or provisions of the lease affected and the proposed change or modification thereof, and must be executed by the party against whom any such amendment, alteration, extension or ratification is sought to be enforced, and any purported amendment, alteration, extension or ratification not so denominated and executed shall be of no force and effect.
- (h) It is understood and agreed that one (1) year following the expiration of the primary term of this lease (or upon the expiration of any extension or renewal of the primary term), whichever occurs last, Lessee shall release the leased premises as to all rights lying below 100 feet below either (1) the deepest depth drilled in any well drilled on land properly pooled with the leased premises, or (2) the stratigraphic equivalent of the base of the deepest formation producing or capable of producing in any well drilled on land properly pooled with the leased premises, whichever is deepest.
- (i) Upon expiration or termination of this lease for any reason, Lessee shall be obligated at its expense promptly to prepare, execute and file in the Records of Tarrant County, Texas, an appropriate release instrument covering all of the leased premises, and to forward a copy of same as so recorded to Lessor within 60 days after such expiration or termination date.
- (j) The terms, provisions and conditions of this lease shall be governed by the laws of the State of Texas.
- (k) Time is of the essence with respect to this lease.
- (l) The provisions hereof constitute the complete agreement of the parties hereto with respect to the subject matter hereof and this lease supersedes all previous leases and/or agreements, whether written or oral, with respect thereto.

13. Notwithstanding anything contained herein to the contrary, this lease is executed by Lessor without any representations or warranties (of title, or otherwise), either statutory, express or implied. Notwithstanding anything contained in this lease to the contrary, in the event of failure of title to all or any portion of the leased premises, it is agreed that no portion of any bonus consideration paid by Lessee to Lessor for Lessor's execution of this lease shall be re-paid or refunded by Lessor to Lessee.

14. The terms and provisions of this lease shall be binding upon and shall inure to the benefit of Lessor and Lessee, their respective heirs or successors and assigns.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first above written.

Lessor:

CTU JACKSBORO, LTD.

By: CTU 3, Inc., its General Partner

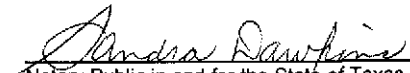
By: 

Charles T. Underwood, III, President

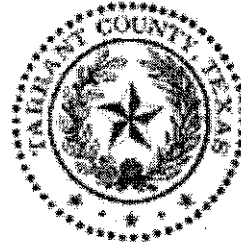
STATE OF TEXAS  
COUNTY OF DALLAS

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This instrument was acknowledged before me on this the 18 day of June, 2009, by Charles T. Underwood, III, as President of CTU 3, Inc., a Texas Corporation, on behalf of said corporation, as General Partner of CTU JACKSBORO, LTD., a Texas Limited Partnership, on behalf of said partnership.

  
\_\_\_\_\_  
Notary Public in and for the State of Texas





DALE RESOURCES LLC  
2100 ROSS AVE STE 1870 LB-9

DALLAS TX 75201

Submitter: DALE RESOURCES LLC

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SUZANNE HENDERSON  
TARRANT COUNTY CLERK  
TARRANT COUNTY COURTHOUSE  
100 WEST WEATHERFORD  
FORT WORTH, TX 76196-0401

**DO NOT DESTROY**  
**WARNING - THIS IS PART OF THE OFFICIAL RECORD.**

Filed For Registration: 06/24/2009 02:34 PM  
Instrument #: D209168047  
LSE 5 PGS \$28.00

By: \_\_\_\_\_



**D209168047**

**ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE  
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR  
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.**

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